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9 February 1981

## MEMORANDUM FOR THE RECORD

FROM: [ ]

Chief, ED&amp;SS

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SUBJECT: London Meetings Concerning the [ ] Project

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1. During the period from 27 January through 5 February a series of meetings took place between the BBC, the London Bureau, and headquarters engineering. The object was to clarify the details of the project with respect to cost and schedule, contractual type, documentation requirements, and technical details. A majority of the items were resolved at the various meetings and a set of suggested actions dealing with the remaining points were left for the bureau to pursue locally. Although the costs are not bounded there should be adequate funding to complete the project in a timely fashion.

2. Cost and Schedule: The cost of the project has only recently come into focus and even now has a number of open ended line items. It is apparently local custom to prepare bids in this manner. Specifically to make an estimate, with built in contingency, and then monitor the expenditure of effort on site. This results in a real time accounting and gives the monitor a maximum of flexibility. Unfortunately it also results in a maximum of uncertainty hence the built in contingency. The estimates have their origin in planning done in September 1980 and have not been substantially altered since that time. Current scheduling projects a start date approximately mid February with completion mid May.

3. Contractual Type: It was firmly established, and documented, that the contractual effort is not fixed price. Based on the above there is every possibility that costs could grow, although it should not be necessary given the magnitude of some of the line item bids. A mechanism for controlling project costs was suggested to the bureau and should be incorporated into the agreement with the BBC. Based on BBC practice, barring any unexpected difficulties, at the conclusion of the work there should be a 5% with holding and the contingency fund available for final settlement (this amounts to approximately 6300 ~~lbs~~).

4. Documentation Requirements: A complete set of contract documents, bids, and planning papers was obtained for the record. This set adequately records the actions taken by the various parties to date and should be adequate for post project audit. The package includes internal BBC/FBIS memos as well as up-to-date contractor responses. The Bureau has a copy as does Headquarters.

5. Technical Items: A number of points in the design of the site were made, changes to facilitate construction, and corrections to existing drawings during the meetings. The final drawings have not yet been made and remain an outstanding item. The need for eight different revisions represents the rather informal way in which the BBC conducts business. In fact the most recent completed drawing of the foundation details was only completed in January 1981 while the bid was prepared in September 1980. The BBC explanation of this was that such details typically are handled on site. Specific action items are recorded in the minutes of the meetings and notations to be added, by agreement, to the final drawing.

6. Suggested follow up actions for London Bureau:

- a. Obtain a final revised/corrected drawing of the site construction.
- b. Obtain a documented program schedule prepared and agreed to by the contractor.
- c. Insure that the "pad" completion date is explicitly documented by the contractor. This should be part of the contract because of the interrelationship between it and the antenna subcontractor's schedule.
- d. Investigate the possibility of an incentive fee for timely completion of the "pad".
- e. Visit with the contractor and subcontractor to ensure that there is agreement as to the goals and objectives of the project. This is especially true with respect to scheduling and areas of responsibility such as the details of the antenna erection.

The above actions are suggested since FBIS is working through the BBC who is working through a consultant who is working through a prime contractor to a subcontractor. Such a chain clearly has the potential for misunderstanding which has already been demonstrated in more than one instance.

7. There is every reason to believe that the project should proceed in an effective manner. The detail seems to be well understood and the costs, although structured in an awkward manner, should be sufficient. Timing and efficiency of contractor performance remain unknown except for BBC assurances at this juncture.



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cc: C/LD